

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 58-24

September 3, 1958

## ENACTMENT OF EXCISE TAX TECHNICAL CHANGES ACT OF 1958

Manufacturers and importers of tobacco products and cigarette papers and tubes; dealers in tobacco materials; proprietors of export and sea stores warehouses; and proprietors of customs bonded cigar manufacturing warehouses, class 6:

Purpose. The purpose of this industry circular is to advise you of the enactment of the Excise Tax Technical Changes Act of 1958, to call to your attention certain provisions of the Act, and to inform you that pertinent regulations will be issued or amended to conform to its provisions.

Enactment and Effective Date. H. R. 7125, 85th Congress, "Excise Tax Technical Changes Act of 1958," was enacted as Public Law 85-859 on September 2, 1958. Section 202 of the Act, amending Chapter 52 of the Internal Revenue Code of 1954, and section 209 of the Act, providing tax relief respecting losses resulting from disasters occurring after December 31, 1954, and not later than the date of enactment of the Act, became effective the day after the date of enactment.

Effect of Certain Provisions. The provisions of the Act with which you may be concerned immediately upon enactment are discussed below.

Application for Permit, and Permit. Sections 5712 and 5713 of the Internal Revenue Code of 1954 no longer require a person to make application for and obtain a permit to engage in business as a dealer in tobacco materials or a manufacturer of cigarette papers and tubes. However, these sections now require a person intending to engage or engaged in business as a proprietor of a tobacco export warehouse (including both sea stores and export business) to make application for and obtain a permit. Dealers in tobacco materials, and manufacturers of cigarette papers and tubes who now hold permits, are requested to retain their permits until further instructions are issued. Proprietors of export or sea stores warehouses, operating on the effective date of the Act, are not required to take any action with respect to qualifying under the permit system until implementing regulations are issued.

Refund of Tax. The period of limitation for filing claims for refund of tax, as set forth in section 5705(c) of the Internal Revenue Code of 1954, is changed from that of three years after date of payment of tax to six months after the date of withdrawal from the market, loss (otherwise than by theft),

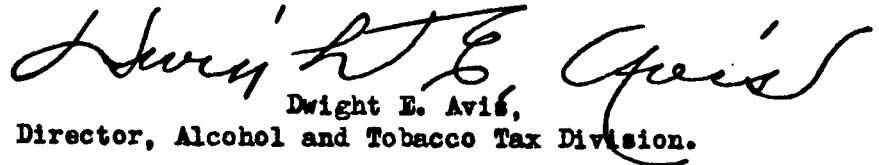
or destruction of the tobacco products or cigarette papers or tubes to which the claim relates. Existing instructions apply in respect to any claim for refund of tax under this section filed on and after the effective date of the Act, except that the claim shall show the date such articles were so withdrawn from the market, lost, or destroyed. The burden will continue to be upon the claimant to establish timely filing of the claim.

Losses Caused by Disasters Occurring After December 31, 1954, and Before September 3, 1958. Section 209 of the Act provides relief with respect to tobacco products or cigarette papers or tubes removed, which were lost or destroyed by reason of a major disaster, as declared by the President, occurring after December 31, 1954, and not later than the date of enactment of the Act, if (a) the tobacco products and cigarette papers and tubes were, at the time of such disaster, in the possession of the person paying such tax, or such tax and duty, the manufacturer or importer, or a wholesale or retail dealer; (b) the claim is filed within six months after the date of enactment of the Act; (c) neither the claimant nor any possessor was indemnified by any valid claim of insurance or otherwise in respect to tax, or tax and duty, on the articles covered by the claim; and (d) the articles rendered unmarketable or condemned were destroyed under such supervision as may be prescribed by, or satisfactory to, the Secretary of the Treasury or his delegate. Regulations to implement these statutory provisions are being prepared and their issuance will be expedited.

Issuance of New Regulations or Amendment of Existing Regulations. New regulations in 26 CFR Part 285, relating to cigarette papers and tubes, and Part 290, relating to exportation of tobacco materials, tobacco products, and cigarette papers and tubes, will be issued as soon as possible to conform to the provisions of the Act. Amendments of regulations in 26 CFR Parts 270, 275, and 280, relating to manufactured tobacco, cigars and cigarettes, and dealers in tobacco materials, will also be issued as soon as possible to conform such parts to the provisions of the Act. You will be advised by industry circular when new regulations or amendment of existing regulations are published in the Federal Register.

Applicability of Existing Regulations and Instructions. Existing regulations and instructions issued under the authority of Chapter 52 of the Internal Revenue Code of 1954, prior to amendment by the Excise Tax Technical Changes Act of 1958, will continue to apply except to the extent that they are in conflict with a provision of the new law until such existing regulations and instructions are superseded (see section 210(e) of the Act).

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

  
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